

VZCZCXRO3194
PP RUEHFK RUEHKSO RUEHNAG RUEHNH
DE RUEHKO #2135/01 2180157
ZNR UUUUU ZZH
P 050157Z AUG 08
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 6326
INFO RUEKJCS/SECDEF WASHDC PRIORITY
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY
RUEAWJA/USDOJ WASHDC PRIORITY
RULSDMK/USDOT WASHDC PRIORITY
RUCPDOG/USDOC WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUEKJCS/JOINT STAFF WASHDC//J5//
RHHMUNA/HQ USPACOM HONOLULU HI
RHHMHBA/COMPACFLT PEARL HARBOR HI
RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA//
RHMFIUU/USFJ //J5/JO21//
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA
RUAYJAA/CTF 72
RUEHNH/AMCONSUL NAHA 1588
RUEHFK/AMCONSUL FUKUOKA 9214
RUEHOK/AMCONSUL OSAKA KOBE 2952
RUEHNAG/AMCONSUL NAGOYA 7405
RUEHKSO/AMCONSUL SAPPORO 9797
RUEHBJ/AMEMBASSY BEIJING 4721
RUEHUL/AMEMBASSY SEOUL 0710
RUCNDT/USMISSION USUN NEW YORK 1085

UNCLAS SECTION 01 OF 08 TOKYO 002135

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;
SECDEF FOR JCS-J-5/JAPAN,
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR;
CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 08/05/08

Index:

1) Fuji-Sankei poll: Fukuda Cabinet gets 7.6 point boost in support rate to 29.3 PERCENT , attributed to bringing the popular Taro Aso on board as party secretary general (Sankei)

Defense and security affairs:

2) Prime Minister Fukuda will ask U.S. to investigate leakage of radiation from Navy sub that called at Sasebo in March (Yomiuri)
3) Protest rally in Sasebo against the port call by a Navy sub that is the same type as the one that leaked minor radiation in March (Akahata)
4) SDF overseas dispatches at a crossroads as the time limits approach for Iraq, Afghanistan and the New Komeito is balking at extensions (Tokyo Shimbun)

Political agenda:

5) Growing mood in the government, LDP favoring Diet dissolution (Mainichi)
6) Fukuda trying to balance economic policy forces in the party by appointing Hidenao Nakagawa, left out of the cabinet, to head national strategy task force (Mainichi)
7) By ordering a comprehensive economic stimulus package, Prime Minister Fukuda aims at buoying up his administration in reading for a snap election (Yomiuri)
8) LDP executives greatly worried about the mountain of issues piled up in the Diet when it reopens (Yomiuri)
9) What the New Komeito feared, the opposition plans to pursue former executive Yano in the Diet over trouble with Soka Gakkai sect, the party's chief promoter (Yomiuri)
10) LDP Secretary General Aso denies he made any deals with the

Prime Minister prior to his new appointment (Yomiuri)
11) Aso, known for his misspeaks, does it again by comparing the Democratic Party of Japan to the WWII Nazis (Yomiuri)

12) Arrest papers being readied for Sea Shepherd's American activists for allegedly stealing whale meat from Japanese whalers (Sankei)

13) Survey of 121 major companies finds half convinced that the country is already in a recession (Mainichi)

Index correction: (Morning Highlights August 4)

Hiroshima peace groups protest remark made by Ambassador Schieffer about the dropping of atom bombs saved many more lives by ending the war (Akahata)

Cabinet shuffle by Prime Minister Fukuda a shift in gears to face a Lower House election, but it also symbolizes a change away from reform line (Asahi)

Articles:

1) Poll: Cabinet support at 29.3 PERCENT , rebounds for first time, possibly due to Aso

SANKEI (Page 1) (Abridged)
August 5, 2008

The Sankei Shimbun conducted a joint public opinion survey with Fuji
TOKYO 00002135 002 OF 008

News Network (FNN) on Aug. 2-3 after Prime Minister Yasuo Fukuda's shuffle of his cabinet and his appointment of a new lineup of executives for his ruling Liberal Democratic Party. The rate of public support for the new Fukuda cabinet was 29.3 PERCENT , up 7.6 percentage points from the 21.7 PERCENT low in the last survey taken July 12-13. The nonsupport rate was 51.5 PERCENT , down 9.7 points from the last survey. The public approval rating for the Fukuda cabinet had been on the decline since its inauguration in September last year. However, it rebounded for the first time. Fukuda picked the popular Taro Aso for the post of LDP secretary general. This appointment is believed to have had some effect.

In the breakdown of public support for political parties, the LDP stood at 27.0 PERCENT , up 4.0 points from the last survey. The leading opposition Democratic Party of Japan (Minshuto) was at 26.6 PERCENT , down 2.4 points from the last survey. The LDP outstripped the DPJ for the first time in four months. When it comes to the desirable form of government after the next election for the House of Representatives, however, the proportion of those opting for a DPJ-led coalition government (33.4 PERCENT) topped that of those choosing an LDP-led one (19.2 PERCENT) as in the previous surveys. The most common choice was a grand coalition of the LDP and the DPJ at 39.4 PERCENT .

2) Japan to ask U.S. to investigate nuke sub radiation leak: Fukuda

YOMIURI (Page 4) (Full)
August 5, 2008

A U.S. Navy nuclear-powered submarine was recently found to have leaked a small amount of radioactivity at the U.S. Navy's Sasebo base in Nagasaki Prefecture. On this issue, Prime Minister Fukuda said: "Even though it's a small amount, we must seriously take the fact that radiation leaked. We will ask the United States to look into the cause of that radioactive leak, of course." Fukuda was replying to a question from reporters at his office yesterday evening.

Asked about the Foreign Ministry's belated report of the incident to the prime minister's office, Fukuda criticized the Ministry, saying, "Radioactive leakage-regardless of its scale-must be immediately reported (to the prime minister's office) and needs to be made known to the public." He added, "I have told the Foreign Ministry to take appropriate action, including a public announcement."

3) U.S. nuclear-powered submarine of same type as one that leaked radiation enters Sasebo; Residents stage protest

AKAHATA (Page 1) (Excerpts)
August 5, 2008

The USS La Jolla, a nuclear-powered fast attack submarine, entered Sasebo port, Nagasaki Prefecture, yesterday morning. The La Jolla's port call follows the U.S. government's admission three days ago that the USS Houston, a nuclear-powered submarine of the same model, leaked radiation.

Some 20 members of the Sasebo Council against A&H Bombs and the Nihon Heiwaiinkai (Japan Peace Council) staged an emergency rally against the La Jolla's port call starting at 9 o'clock in the morning.

TOKYO 00002135 003 OF 008

The rally's representative Chiaki Yamashita of the Sasebo Council against A&H Bombs called on the public, saying: "With the collapse of the myth that nuclear-powered vessels are safe, fears are growing among residents. Let us expand the circle of protest against the U.S. military, whose submarine has entered Sasebo in defiance of local fears, and the Japanese government that has given a nod to the sub's port call."

4) SDF dispatch at crossroads

TOKYO SHIMBUN (Page 2) (Abridged)
August 5, 2008

Japan's assistance to Afghanistan and Iraq-both still remaining in a state of confusion-is now at a crossroads. New Komeito, the ruling Liberal Democratic Party's coalition partner, is also calling for the government to recall the Self-Defense Forces. Meanwhile, Japan, should it pull out, may give the impression that Japan backpedaled on its international contributions. Prime Minister Fukuda, who has just shuffled his cabinet, is now being urged to make a decision.

In Japan's assistance to Afghanistan, the Maritime Self-Defense Force has been refueling foreign naval vessels in the Indian Ocean to deter terrorism under a newly enacted law for special measures against terrorism. The law is set to expire in January next year. The government and the LDP are going to revise the law at the next extraordinary Diet session for the MSDF's continued refueling mission there. The LDP wants to get a bill for that purpose through the Diet even by taking a second vote in the House of Representatives (since the planned legislation, after its passage through the House of Representatives, would be voted down in the opposition-controlled House of Councillors).

However, New Komeito remains cautious about extending the MSDF's Indian Ocean refueling mission. New Komeito fears that the ruling coalition, if it rams the bill through the Diet in a second vote, would be under fire from public opinion. Meanwhile, New Komeito stakes its fate on next year's election for the Tokyo metropolitan assembly. The party is therefore worried about a negative impact on that scheduled metropolitan event and also on a general election for the House of Representatives after its possible dissolution. "It's all right to recall the MSDF squadron one time," a New Komeito executive said.

5) Anticipation of early Lower House dissolution growing in government, LDP

MAINICHI (Page 5) (Excerpts)
August 5, 2008

Following the appointments of cabinet members and Liberal Democratic Party executives in the shuffle of the Fukuda cabinet, an increasing number of people in the government and the LDP have begun to make remarks regarding an early dissolution of the House of Representatives for a snap election. Seeing the appointment of Taro Aso as secretary general, some LDP members now think that Prime

Minister Yasuo Fukuda has arranged the lineup in preparation for the next Lower House election. Among them, anticipation for an early dissolution is prevailing. But others have made statements intended to tamp down such talk.

On the dissolution of the Lower House, the remarks of Election

TOKYO 00002135 004 OF 008

Committee Chairman Makoto Koga have drawn much attention. Up until the cabinet shuffle, Koga had asserted that the Lower House should be dissolved later this year or early next year, in accordance with the New Komeito's desire. In a speech on Aug. 3, however, Koga said: "If the Lower House is dissolved under the current situation, the outcome may be disastrous. We need time to get the people to realize that the cabinet will put them at ease, as the prime minister has said." Koga then said that the dissolution should come sometime very close to the expiration of the Lower House members' terms.

A member of the Koga faction explained: "Since the New Komeito has begun to make one request after another over the timing for opening the next extraordinary Diet session and such issues as extending the new antiterrorism special measures law, Mr. Koga probably tried to contain its moves." But an LDP member speculated: "An early dissolution would make his rival, Mr. Aso, more influential. Mr. Koga might be aiming to avoid such a situation."

Appearing on a TV program on Aug. 2, Aso said: "The dissolution of the Lower House could occur anytime." Executive Council Chairman Takashi Sasagawa also emphasized on the 3rd, upon indicating that the next extraordinary Diet session would last for about three months, "The key point is how to persuade the people during the three months of the session. If public support for the government soars, the Lower House could be dissolved earlier." He defined the upcoming extraordinary Diet session as an election-strategy-oriented session.

6) Fukuda appoints Hidenao Nakagawa as effective head of National Strategy Office

MAINICHI (Page 5) (Full)
August 5, 2008

The government decided yesterday to appoint former Secretary General Hidenao Nakagawa as deputy head of the Liberal Democratic Party's National Strategy Office, headed by Prime Minister Yasuo Fukuda. Nakagawa is a core member of a group calling for giving priority to economic growth. In the shuffled cabinet, however, members of a group insisting on the need for fiscal reconstruction, eyeing tax hikes, have been picked for cabinet or party executive posts, such as State Minister in Charge of Economic and Fiscal Policy Kaoru Yosano. Observers believe that Fukuda aims at keeping the party in balance by appointing Nakagawa as the effective head of the office, which is called "the second Policy Research Council."

Fukuda called Nakagawa in to his official residence yesterday and said: "Some say that the government is retreating from the reform line, but that is not true. I want you to carry through reforms."

Nakagawa replied: "A reform vision from a medium- to long-term perspective will become our party's policy manifesto for the next House of Representatives election. From this standpoint, I accept your offer," indicating his eagerness to hold on to the reform policy.

The National Strategy Office under the party president was created in 2001 under the Koizumi administration, tasked with drawing up a medium- to long-term national vision.

Taking responsibility for the crushing defeat in the House of Councillors election in July 2007, Nakagawa resigned as secretary

TOKYO 00002135 005 OF 008

general, but he has continued to demonstrate his influence in discussions in the party on civil service reform and other issues as

an advisor to the said panel. By assuming the post of deputy head, Nakagawa might be aiming to make the panel a base for advocates of economic growth to recover from the setback.

7) Comprehensive economic stimulus package: Prime Minister aims at buoying up administration with eye on Lower House election: Focus is on when to submit supplementary budget bill

YOMIURI (Page 4) (Excerpts)
August 5, 2008

The shuffled cabinet got under way on August 4. Prime Minister Fukuda immediately started compiling a comprehensive economic stimulus package. He aims at put forward a clearer stance of giving consideration to people's lives with eye on the next Lower House election. The government and the ruling parties will also look into submitting a supplementary budget bill for fiscal 2008 to the next extraordinary Diet session. However, since the timing of submitting such a bill to the Diet is intertwined with the issue of when to dissolve the Lower House for a snap election, coordination of views will likely encounter complications.

State Minister for Economic and Fiscal Policy Yosano on the morning of the 4th met with the prime minister at the Kantei. After the meeting, he told reporters: "The steep rise in crude oil prices has triggered an economic slowdown. Its impact has spread to various businesses, including small- and medium-size companies and the financial services sector. The prime minister has ordered me to compile a package of measures dealing with the economy as a whole."

The catchphrase of the shuffled cabinet is the "peace of mind realization cabinet." It seems that the prime minister wants to secure stable support from the public, by coming up with economic stimulus measures without a pause, capitalizing on the improved approval rating of the cabinet due to the effect of the shuffling.

The package, which is to be compiled possibly before the end of the week, will likely include measures to expand assistance to small- and medium-size businesses and the agriculture, forestry and fisheries sector, which are suffering from the steep rise in crude oil prices, and measures to promote the use of energy-saving technologies.

Some ruling party members are concerned that such measures could be criticized as for scattering about pork-barrel largesse. However, many are welcoming the government's move. The prevailing view is that a Lower House election should come after the enactment of a supplementary budget bill for fiscal 2008 and the compilation of an economic stimulus package. Regarding the size of a supplementary budget, some are calling for a drastic scale topping 1 trillion yen.

However, a consensus on when to submit a supplementary budget bill to the Diet has yet to be reached.

The New Komeito's view is that it would be desirable to dissolve the Lower House around the turn of the year. Reflecting this view, some have suggested that the Lower House should be dissolved either in the final stage of the next extraordinary Diet session or right after the handling of a supplementary budget bill at the outset of

TOKYO 00002135 006 OF 008

the regular Diet session next year. On the other hand, others have pointed out, with a possible dissolution of the Lower House next spring or later after the compilation of the fiscal 2009 budget in mind, that it would be better not to link a supplementary budget bill to a dissolution of the Lower House.

8) New LDP leadership facing unsettling conditions: Mountain of challenges, including extraordinary Diet session, unity

YOMIURI (Page 4) (Excerpts)
August 5, 2008

The new leadership of the Liberal Democratic Party (LDP) yesterday, August 4, held a regular meeting with the government. The LDP is

determined to rebuild the party's strength, spurred by Secretary General Aso's popularity. However, there is a mountain of challenges to tackle, including coordination of views with the New Komeito regarding when to convene the next extraordinary Diet session. The leadership itself has yet to reconstruct its unity, which has been shaken in the aftereffects of the trouble that occurred over the selection of party executives.

Aso on the 4th attended a meeting between the government and the LDP, which was held for the first time under the new administration. On his appointment, he visited former Prime Minister Mori of the LDP and Upper House President Eda to pay his respects.

The leadership is expected to confer on how to manage the next extraordinary Diet session, a pressing issue, at a meeting of secretaries general and Diet Affairs Committee chairmen of the LDP and the New Komeito. Aso wants to reach a decision on when to convene the session before the end of the week.

Aso also intends to enact a bill amending the New Antiterrorism Special Measures Law, which will become the focus of attention in the next extraordinary Diet session, even by taking a revote in the Lower House. However, the New Komeito still remains cautious about the issue, with Yoshio Urushibara, the party's Diet Affairs Committee chairman, telling reporters on the 4th, "It is questionable to set a date to convene the extraordinary Diet session in a manner that makes taking a revote on the bill amending the New Antiterrorism Special Measure Law a foregone conclusion." Aso's ability to coordinate with New Komeito will soon be tested.

9) Kamei set to pursue issue involving former New Komeito head Yano in extraordinary Diet session

YOMIURI (Page 4) (Full)
August 5, 2008

In an interview with the Yomiuri Shimbun yesterday, Shizuka Kamei, deputy president of the People's New Party, expressed his intention to pursue the issue of former New Komeito leader Junya Yano filing a damage suit against Soka Gakkai for violating his human rights by threatening him and obstructing his freedom of speech. Kamei said: "This issue naturally should be taken up in the extraordinary Diet session. Since he claimed that his freedom of speech had been obstructed, it is necessary to question him about the circumstances, from the viewpoint of democracy." He indicated he would demand that Yano be summoned as an unsworn witness.

Asked about the timing for a general election, Kamei indicated an

TOKYO 00002135 007 OF 008

early dissolution of the House of Representatives.

10) Aso denies "secret deal"

YOMIURI (Page 4) (Full)
August 5, 2008

There is a rumor going around that when Secretary General Aso of the Liberal Democratic Party (LDP) accepted the post, he made a secret deal with Prime Minister Fukuda on a transfer of power. Aso on a Fuji TV talk show on August 4 denied the rumor, noting: "I thought I would not be much of a man if I had declined the offer solely for my own convenience. You never know what will happen in the future. Even if something happens, a party presidential election must be carried out."

In this connection, former Prime Minister Mori of the LDP met with Finance Minister Ibuki and Lower House member Muneo Suzuki, head of the New Party Daichi. During the meeting, Mori reportedly said, "Even if there were various exchanges between the prime minister and Mr. Aso, the authority left exclusively in the hands of the prime minister (the right to dissolve the Lower House) will never be restricted."

11) Aso's remarks likening DPJ to Nazis draws fire

YOMIURI (Page 2) (Abridged slightly)
August 5, 2008

LDP Secretary General Taro Aso paid a courtesy call on Upper House President Satsuki Eda yesterday and applied pressure on the Democratic Party of Japan by citing Nazi Germany. Aso's comment is drawing fire from the DPJ.

Aso, in his meeting with Eda in the Diet building, said: "Nazi Germany, too, once said, 'Let us (steer the administration).'"

In response, Eda said: "I don't mean to contradict you, but it's not about the DPJ. The question is which the general public prefers -- the LDP or the DPJ."

DPJ Secretary General Yukio Hatoyama expressed strong displeasure to reporters in Tokyo last night, saying: "The remark could give the impression that the DPJ would undertake oppressive policies. What he said is intolerable even as an analogy. We demand that he retract his remark."

Aso explained to the press corps last night: "What would happen if (the opposition-controlled) Upper House does not carry out deliberations? What happened as a result of Germany saying in the past 'let the Nazi run the administration'? With such a historical event in mind, I just discussed the importance of Diet deliberations."

12) Investigative authorities to seek arrest warrants for environmental activists, including Americans, possibly today for obstructing Japanese whaler

SANKEI (Top play) (Excerpts)
August 5, 2008

Japanese investigative authorities decided yesterday to press

TOKYO 00002135 008 OF 008

charges against several members, including Americans, of the U.S.' Sea Shepherd (SS) Conservation Society for interfering with a Japanese research whaler in the line of duty. Investigative authorities will seek arrest warrants as early as today. The Japanese government has concluded that it is necessary to take a resolute stance toward the international community in order also to prevent acts of sabotage, which have been uncontrolled due to difficulty building cases.

Several SS members are suspected to have obstructed the activities of the Japanese whaling research mother-ship Nisshin Maru that was navigating in the Southern Ocean in February 2007 and March 2008 by hurling bottles containing a chemical agent emitting a pungent odor that seemed butyric acid at it from the SS protest vessel. Three crewmembers sustained minor injuries in the March 3 sabotage.

Taking the situation seriously, investigative authorities have analyzed videos taken by crewmembers and expedited efforts to identify the suspects by requesting investigative cooperation of countries concerned, including the government of Australia where the SS is based.

Now that several individuals, including Americans, have been identified as suspects, investigative authorities have decided to seek arrest warrants for them.

Nevertheless, difficulty is expected in seizing the suspects. That is because chances are slim that the suspects will enter Japan and also because Japan has to seek the transfer of custody of suspects of countries concerned under the Convention for the Suppression of Unlawful Act against Vessels at Sea (SUA), with the exception of the United States with which Japan has concluded an extradition treaty.

13) Mainichi Shimbun poll: 50 PERCENT of respondents reply the economy is already in grip of recession; Pessimistic view spreads

MAINICHI (Page 1) (Excerpt)
August 5, 2008

The Mainichi Shimbun conducted a poll on the economy on 121 leading companies. The survey found that the business confidence of the surveyed companies has rapidly deteriorated due to concern about the steep rise in raw material prices and the U.S. economy. Approximately 50 PERCENT of the respondents or 60 companies replied that the Japanese economy, which has continued the longest expansion after the war, has taken a downward turn as of the first half of this year, indicating that a pessimistic view is spreading. As to when the economy will enter a recessionary phase, 65 PERCENT of respondents replied "before the end of the year, combining 15 PERCENT , which replied "the second half of 2008, topping 47 PERCENT marked in the previous survey carried out in April.

SCHIEFFER